



JUL 20 2005

The Honorable Aníbal Acevedo-Vilá
Governor of Puerto Rico
La Fortaleza
Post Office Box 9020082
San Juan, Puerto Rico 00902-0082

Dear Governor Acevedo-Vilá:

It is with pleasure that I respond to the Commonwealth of Puerto Rico's request for waivers of statutory and regulatory requirements under the Workforce Investment Act (WIA). This action is taken under the Secretary's authority to waive certain requirements of WIA Title I, subtitles B and E and Sections 8-10 of the Wagner-Peyser Act. In the Strategic State Plan for Title I of the Workforce Investment Act and the Wagner-Peyser Act for the two-year period, July 1, 2005, through June 30, 2007, the Commonwealth submitted four waiver requests. The Commonwealth officially withdrew the following two waiver requests on June 21, 2005: 1) eliminating the self-sufficiency criteria for employed workers; and 2) changing the required 50 percent employer match for customized training. The requests are written in the format identified in WIA Section 189(i)(4)(B) and 20 CFR 661.420(c), and appear to meet the standard for approval at 20 CFR 661.420(e). The following is the disposition of the waiver submission (copy enclosed).

Requested Waiver 1: Waiver to use Individual Training Accounts (ITAs) for youth participants.

The Commonwealth indicates that a waiver would allow flexibility in using youth funds to provide training services to youth while retaining limited adult funds to be used on adult training services. Accordingly, the Commonwealth is granted approval of the waiver of the prohibition on the use of ITAs for older and out-of-school youth at 20 CFR 664.510, through June 30, 2007. The Commonwealth should ensure that funds used for ITAs are tracked and reflected in the individual service strategies for these youth.

Requested Waiver 2: Waiver to increase the transfer authority of Local Workforce Investment Boards from the current 20 percent to 100 percent for Adult and Dislocated Worker funds.

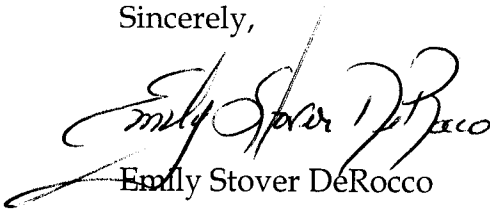
The Commonwealth was granted a waiver to permit transfer of up to 40 percent between the two funding streams on December 6, 2002. With this waiver request, the Commonwealth is seeking additional flexibility. This request for funds transferability is

consistent with one of the improvements that the Administration is seeking in the reauthorization of the Workforce Investment Act – the consolidation of the WIA Adult, WIA Dislocated Worker and Wagner-Peyser Act (Employment Service) funding streams. Accordingly, the Commonwealth is granted a waiver of the funds transfer limitation at WIA Section 133(b)(4), through June 30, 2007. The waiver allows the Commonwealth to approve local area requests to transfer up to 100 percent of local area allocations between the WIA Adult and Dislocated Worker programs.

As provided for under paragraph 3 of the executed Agreement, the approved waivers are incorporated by reference into the state's WIA Grant Agreement. A copy of this letter should be filed with the state's WIA Grant Agreement and the state's Strategic Plan, as appropriate.

We look forward to continuing our partnership with you and achieving better workforce investment outcomes. We are prepared to entertain other state and local level waiver requests that you may wish to submit, consistent with the provisions of the WIA statute and regulations.

Sincerely,



Emily Stover DeRocco

Enclosure